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SERVICE DATE - AUGUST 31, 2000

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33911]

KBN, Inc.—Control Exemption—Minnesota Northern Railroad, Inc. and St. Croix Valley Railroad Company

KBN, Inc. (KBN), a noncarrier, has filed a verified notice of exemption to control two Class III railroads, Minnesota Northern Railroad, Inc. (MNR) and St. Croix Valley Railroad Company (SCVR), operating in the State of Minnesota. KBN is proposing to acquire all of the outstanding stock of MNR and SCVR pursuant to a letter of intent to sell by RailAmerica Transportation Corp. KBN further states that signing of a formal agreement is imminent.

The transaction was scheduled to be consummated on or shortly after August 15, 2000.

KBN states that: (i) these railroads do not connect with each other; (ii) the acquisition of control is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in their corporate family; and (iii) the transaction does not involve a Class I carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees.

Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Because this transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction.

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 33911, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Thomas F. McFarland, Jr., 20 North Wacker Drive, Suite 1330, Chicago, IL 60606-2902.

Board decisions and notices are available on our website at “WWW.STB.DOT.GOV.”

Decided: August 24, 2000.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary